



TOWN OF LOS GATOS

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May 7, 2004

Honorable Mayor and Town Council

I am pleased to submit to you the Proposed FY 2004-2009 Capital Improvement Program (CIP) for the Town of Los Gatos. The five year program continues to emphasize and fund various infrastructure priorities of the Town, with continuing special emphasis on the Town's street infrastructure system. FY 04/05, the first year of the five-year plan, funds a variety of street improvements, including carryovers of \$1.9 million. Staff believes the street infrastructure improvements scheduled for FY 2004/05 remain as one of the highest priorities in the Town's CIP. Other capital projects funded include improvements to the Town's parks, bridges, alleys, retaining walls, parking, various improvements to Town facilities and long range planning efforts. The plan is comprised of the following elements:

- Carry-forward projects from the prior year as part of the multi-year phasing of projects or carryover funding due to project cost savings achieved in the prior year;
- Additional new funding appropriated to projects carried over from the prior year;
- New projects not previously programmed.

The proposed five-year plan totals \$9.9 million dollars. \$5.0 million is proposed in the first year (FY 2004/05) comprised of approximately \$2.9 million in carryovers from FY 2003/04 and approximately \$2.1 million of funding for new projects or additions to current authorized projects carried forward from FY 2003/04 (e.g., Downtown Alley Improvements, Town Curb, Gutter & Sidewalks, Town Street Repair and Resurfacing, and Town Retaining Wall Repair & Replacements).

FINANCIAL OVERVIEW

Due to the economic slowdown and the state budget crisis, the Town continues to be challenged in its attempts to find a reliable ongoing source of revenue for capital improvements program. Only one source of funding, Gas Tax, is an ongoing annual source of revenues for Town capital improvements. Other sources are either one-time (grants and bond proceeds) or ones that fluctuate with the economy and the state budget. The most significant of the other sources of funding to the Town's capital program is annual General Fund savings from the operating budget. In addition, the Town successfully issued approximately \$10.7 million in Certificates of Participation in July 2002 to provide funding for eligible priority projects within the Redevelopment Agency's project area, such as the Town Plaza Reconstruction project, Downtown Streetscape and Street Reconstruction projects, alleyway projects, among others.

As the Town Council is aware, the recent economic slowdown has impacted the Town's General Fund to the extent that General Fund Savings for FY 2003/04 are expected to be minimal. As a result, only \$75,000 is scheduled for planning purposes as an additional funding source in FY 2004/05. \$75,000 annually is also incorporated into future years until we can conservatively project increases to future excess General Fund revenues or additional savings opportunities. These savings and revenue increases are obtained from under-expending the General Fund operating budget or from General Fund operating revenue surpluses. The Proposed 2004 - 2009 CIP reflects only \$2.2 million from ongoing dedicated

sources (Gas Tax) during the 5 year period to help fund the proposed \$10.0 million of funded capital improvements. The \$7.8 million remaining balance is funded primarily from General Fund savings that have been accumulated and reserved over recent years for capital improvements (\$3.0 million), Redevelopment Agency bond proceeds from the FY 2002/03 financing (\$ 2.2 million), and Grant funding (\$2.5 million). The bulk of the \$3.0 million of General Fund savings designated in this plan for capital improvements remains from amounts transferred to the capital program in previous years due to an elevated growth in sales tax activity that began to slow late in calendar year 2000. In fiscal years 1997/98 through 2001/02, transfers from General Fund savings totaled \$10.9 million. This was a period of explosive growth in the Town's sales tax revenues from the amounts the Town had received historically. From a historical perspective, there was a five year period between FY 1993/94 through FY 1997/98 where the Town made no General Fund savings transfers to the Town's Capital Program Funds.

Despite the cyclical nature of available revenues, the Town is still compelled to invest in maintaining its infrastructure assets. All physical facilities such as road surfaces, building, and other capital assets have a useful life and must be eventually refurbished, reconstructed, replaced or disposed. The useful life of these assets can be extended through a regular program of preventative maintenance and repair.

Funding for Investment in Streets

A key example of the need to continue to invest in the Town's infrastructure, and the challenges in funding that investment, is the street maintenance program. In December, 2003, the Town Council held a study session to discuss the CIP second quarter report with a special emphasis on the street repair and resurfacing program. In prior fiscal years, the Town Council acknowledged the value of improving the Town's streets to a desirable average condition index of 75. At that time, it was estimated this would be a multi-year effort, requiring approximately \$15 million dollars of expenditure to meet the Town's goal to raise its average street pavement condition from 64 to 75. Over the past three fiscal years the Town made substantial investments in its Street Repair and Reconstruction program. In the past three fiscal years the Town has expended or has encumbered work underway valuing approximately \$10.9 million as shown below, with a total of approximately \$16 million of street improvements funded through 2009:

	Expend/ Encumbered Through FY 03/04	Carryover Prior Years Through FY 03/04	New Funding Allocation FY 03/04	New Funding Allocation FY 2004/09	Total Funding Fiscal Years 2004/09
Recap of Expenses					
Funding Source:					
Town GFAR	\$ 8,309,557	\$ 766,010	\$ 100,000	\$ 500,000	\$ 1,266,010
Town Gas Tax	1,318,699	19,664	442,000	2,162,000	2,181,664
Town RDA	1,243,027	1,566,973			1,566,973
TOTALS	\$ 10,871,283	\$ 2,352,647	\$ 542,000	\$ 2,662,000	\$ 5,014,647

In January 2003, the Town received an updated pavement condition analysis performed by the civil engineering firm Berryman & Henigar Inc. Their analysis indicated that the Town's pavement condition index (PCI) had been elevated from 64 to 72. This PCI rating increase is attributable to the large amount of street repair completed by the Town in recent years.

The report by Berryman & Henigar suggested that the Town should allocate approximately \$1.5 million annually (at a minimum) of ongoing funding for street resurfacing and repair for preventive maintenance purposes to maintain this PCI rating. The report suggested that funding of less than this amount may require higher costs in the future to reconstruct streets that have deteriorated below a level that may have been maintained with a less costly overlay treatment. The current CIP allocates approximately \$5.0

million (including carryovers & RDA funds) to street repair or reconstruction over the next five years, with approximately \$500,000 allocated each of the last three years. However, the \$5.0 million planned for expenditure in FY 2004-09 is comprised of approximately 50% of one-time funding sources (GFAR and RDA bond funding). Revenue from the gas tax is the Town's only steady and continuing source of funds for road improvements and amounts to slightly more than \$500,000 a year. A reliable source of funding must be found to replace and augment these one-time sources if the Town desires to continue an ongoing street maintenance program in future years.

Options for achieving the \$1.5 million a year needed for maintenance include reducing operating costs by this amount and allocating it on an annual basis to the street program; allocating unexpended operating costs from year to year, taking the chance that sufficient funds will be available; or exploring the feasibility of a voter-approved General Obligation Bond issue dedicated for street improvements and/or other capital projects or of some form of assessment district for street improvements within specific areas. A study session will be scheduled in the fall to discuss these options.

As in years past, staff will continue efforts to maintain a work plan to address the Town's overall pavement condition within funding limitations. Staff will review current street repair plans to verify that they encompass the use of best practices in materials, selection, and construction/project management and to recommend modifications to the plans to best achieve our goal.

CIP PROCESS OVERVIEW

The FY 2004 - 2009 CIP is a comprehensive five-year capital improvement plan designed to identify projects and the funds required to adequately develop and maintain the Town's infrastructure.

The Town established various master plans to guide the development and maintenance of existing infrastructure, as well as future capital improvements. The following plans provide a foundation for developing goals and priorities for capital improvement projects:

- General Plan
- Street Improvement Program
- Storm Drain Master Plan
- Strategic Plan

The Town's Infrastructure Needs Assessment project will further emphasize the Town's long-range Capital Improvement Program, focusing attention on the current and future infrastructure needs of the community and balancing the community's needs with funding requirements and financial resources.

Capital Program Description

The Town's capital projects are categorized into four program areas as described below:

The Streets and Signal Program provides funding for a functional street system that is consistent with the General Plan, a safe and efficient traffic flow through intersections while minimizing unnecessary traffic movement and noise through residential neighborhoods, and street lighting for traffic safety at intersections and on other public streets. The primary source of financing for this program comes from General Fund savings, Redevelopment Agency funds, and Gas Tax Fund revenues.

Within the street program, two projects will also utilize funds from the Storm Drain Fund in FY 2004/05 as they include the construction of drainage facilities in addition to other street improvements. This program relies on a Town charge of 75 cents per square foot of impervious

surface created by development. After many years at 33 cents per square foot, this rate was changed effective July 1, 2004. Depending on the level of development activity, these fees produce between \$60,000 to \$120,000 annually.

The Utility Undergrounding Fund is another funding source for these activities generally undertaken in conjunction with street improvement projects. The Utility Undergrounding fund derives from a Town construction tax of 18 cents charged for each square foot of building addition or alteration within the Town, and from Rule 20A funds allocated from a percentage of electric bills. The Town's allocation typically is in the range of \$150,000 annually. The Los Gatos Boulevard undergrounding project expended many previous and two future years of Rule 20A funding. Total cash balances currently on hand from the construction tax are approximately \$1.9 million, and are not sufficient to fund a project at this time. Priority projects for this funding source are Highway 9 in the vicinity of University and Santa Cruz Avenues. Specific project plans and budgets have not been developed for this project.

The Public Facilities Program includes projects for purchasing, constructing and making capital repairs to public buildings and equipment. Town buildings include the Civic Center, Neighborhood Center, Service Center, Tait Avenue and Forbes Mill Museums and partial service to the Recreation Center, which is a Town-owned building leased to the Los Gatos-Saratoga Recreation District. There is no designated revenue source for this program, and any allocations generally come from General Fund savings unless grant funds apply to specific improvements such as Community Development Block Grant funds for ADA improvements.

The Parks Program includes projects for parks, park buildings, urban forestry, and urban beautification. There is no designated revenue source for this program except for budgeted allocations from General Fund savings, grants and State park bond funds.

The Redevelopment Agency Program provides funding for downtown street reconstruction, the paving of alleys, downtown streetscape improvements and the reconstruction of storm drains and sanitary sewers, for a set aside of 20% of all revenues for affordable housing, and for the expansion and improvement of parking facilities in support of downtown.

CIP Development Process

The long-term Capital Improvement Program (CIP) includes projects that have a value of \$25,000 or more with a minimum useful life of 5 years at a fixed location. Equipment, operating and maintenance costs due to the CIP projects are identified and will be included in future operating budgets. Cost estimates for new projects are based on 2004 dollars; however, estimates for carryover projects from the prior year are updated as necessary to a recent engineer's estimate based upon current design specifications.

Under direction from the Town Manager's Office, the Parks and Public Works Department took the lead in the preparation of the proposed projects for consideration in the 2004-2009 Capital Improvement Program. In coordination with other Town departments, projects were reviewed to ensure that the Town's priorities are addressed in the proposed program.

The Town Manager, Finance Director, and Parks and Public Works Director reviewed the prioritized list of proposed capital improvement projects and funding sources in conjunction with the preparation of the proposed fiscal year 2004/05 Operating Budget. The Proposed CIP is then presented by the Town Manager to the Town Council. The Proposed CIP is also submitted to the Planning Commission for

review to ensure that the proposed projects are consistent with the Town's General Plan. The Planning Commission is scheduled to complete its review prior to adoption of the Proposed CIP by the Town Council. The Proposed CIP will be reviewed with other Commissions as applicable prior to final adoption in June.

PROPOSED 2004-2009 CIP OVERVIEW

The 5-year Proposed 2004-2009 CIP allocates \$9.9 million (including carryovers) for capital projects in the following programs:

<u>Program</u>	<u>Five Year Allocation</u>
Parks	\$ 1,046,754
Public Facilities	172,560
Streets and Signals	6,668,802
RDA-Bond Proceeds	<u>2,006,783</u>
Total	\$ 9,894,899

Of the \$6,668,802 in the Streets and Signals program, \$927,674 is allocated to street resurfacing in FY 2004/05. Total funding for street repairs for the next five years is planned at \$3,447,674. Additional funding of \$1,566,973 for street resurfacing is available in the Redevelopment Agency's Downtown Street Reconstruction project (\$1,000,000 is budgeted for FY 2004/05 and \$566,973 is budgeted for FY 2005/06). These funds were provided from the Town's 2002 Certificate of Participation (COP) issue for improvements to eligible streets within the Agency's boundaries, primarily Santa Cruz Avenue and Main Street. Funds for sidewalk repair and replacement are also included in the CIP. Staff will continue to explore the concept of cost-sharing arrangements with property owners for sidewalk repair as a way to leverage available funds, and will bring any such concept forward to Council for direction prior to implementation. Funding for an Arterial Study is programmed in FY 2006/07, with project scoping to occur in FY 2005/06.

Summary of Proposed 2004-2009 CIP Projects

Although the Proposed 2004-2009 CIP is a 5 year plan, only the first year of the plan (FY 2004/05) is formally adopted and funds appropriated by the Town Council as part of the budget process. Future year projects are programmed, with estimated funding. The scope and funding estimates may change as the fiscal situation and evolving priorities dictate. As mentioned earlier, the proposed fiscal year 2004/05 CIP projects are comprised of two categories: carryover projects of \$2,880,926 and new projects or new appropriations to carry forward projects totaling \$2,152,000. For FY 2004/05, engineering staff costs and staff costs for merchant/business liaison support for the downtown street paving project have been allocated to Redevelopment Agency capital projects to reflect the work performed for these projects. The following table lists these projects:

Carry Forward Projects:	FY2004/05
Town Beautification Improvements (400-0223)	\$104,423
Park Grant Funds Available for Application (410-0340)	552,331
Skateboard Park Allocation-Park Grant (410-0412)	125,000
ADA Upgrade Allocation (410-0407)	7,547
Civic Center Master Plan (400-0202)	85,013
Quito Bridge Replacement (400-0112)	45,505
Traffic Calming (400-0208)	58,512
Downtown Parking Management Plan (930-0336)	239,810
Curb, Gutter, and Sidewalk Repair Program (400-0349)	136,069
Street Repair and Resurfacing Program (400/480-0352)	385,674
Retaining Wall Repair And Replacement (400-0406)	43,123
Downtown Street Reconstruction (930-0217)	1,000,000
Town-wide Infrastructure Needs Assessment (400-0207)	97,919
Total Carry Forward Projects	\$2,880,926
Carry Forward Projects-Additional/New Appropriations:	FY2004/05
Curb, Gutter, and Sidewalk Repair Program (400-0349)	\$75,000
Street Repair and Resurfacing Program (400/480-0352)	542,000
Retaining Wall Repair And Replacement (400-0406)	225,000
Alley Improvements (930-0344)	150,000
Total Carry Forward Projects	\$992,000
New Projects:	FY2004/05
La Rinconada Trail Reconstruction (400/410-0561)	\$45,000
Trail Construction-Shannon Rd. (400-0566)	50,000
Oak Meadow Park Trellis Construction (410-0527)	45,000
West Valley Cities Dog Park-Town Contribution (410-0567)	25,000
Neighborhood Center Fresh Air Exchange (400-0531)	50,000
CDBG-ADA Improvements (410-0539)	20,000
Blossom Hill Park Bathroom Roof Replacement (400-0550)	10,000
SR2S-School Sidewalk Construction (400/410-0536)	335,000
SR2S-Radar Speed Display Boards for School (400/410-0546)	155,000
Mariposa/Santa Cruz Ave Storm Drain Improvements (461-0520)	25,000
Wedgewood Street/Storm Drain Improvements (410/462-0521)	300,000
Roberts Rd. Bridge Improvements (400/410-0568)	50,000
Santa Cruz Ave./Wood Rd. Gateway Design (930-0542)	50,000
Total New Projects	\$1,160,000

FY 2003/04 Completed Projects:

A number of high priority projects are expected to be completed in fiscal year 2003/04.

Completed Projects FY 2003/04:	Total
Vasona Trail Feasibility Study	\$24,960
ADA Upgrades	33,184
Building Health & Safety Improvements	55,980
Building Health & Safety Improvements-Generator	40,000
BH Sidewalk Construction	125,000
Bridge Seismic Retrofits	321,443
ADA Improvements Ross Creek Pedestrian Bridge	61,834
Parking Lot Repairs	200,000
LGHS Community Pool	300,000
Downtown Streetscape Improvements	3,813,750
Total Completed Projects	\$4,976,151

Vasona Trail Feasibility Study was completed, providing various options and the associated costs to complete a trail system that would continue the northwest pedestrian trail alongside University Avenue to cross the dam face to the north east trail, in Vasona County Park. Due to the high estimated costs and the lack of identified grant funding for this project, construction of the trail system is not scheduled in the 5-year CIP.

ADA Upgrades were completed for Town properties to achieve compliance with ADA , including the rehabilitation of the public restroom at Blossom Hill Park, Forbes Mill, Tait Museum and Neighborhood Center, and the replacement of the front doors at the Neighborhood Center.

Building Safety & Health Improvements completed during the year included replacement of the Civic Center boiler, Civic Center roof, a hot mop roof at the Service Center, and bathrooms at the Neighborhood Center and Service Yard.

Building Safety & Health Improvements-Generator funded the purchase and installation of a permanent generator for the Service Yard. The Town now has the permanent generator at the yard and one portable generator. The portable generator can be placed at any appropriate location to meet emergency needs (such as the Emergency Operations Center or Police Dispatch) due to power failure, and the new permanent generator will be used solely for the service yard. This purchase completes the Town's generator needs.

Blossom Hill Sidewalk Construction, located west of Roberts Road, was completed. This project installed sidewalks, a retaining wall and two speed radar boards in a heavily traveled school zone that was previously unimproved.

Bridge Seismic Retrofits were completed two bridges that span Los Gatos Creek: at Blossom Hill Road and at Lark Avenue.

ADA Improvements at Ross Creek Pedestrian Bridge-CDBG is expected to be completed this summer. This project funded the construction of ADA Americans with Disabilities Act (ADA) ramps at this bridge and repairs to the bridge deck surface to make safety improvements and make the bridge more accessible to the disabled.

Parking Lot Repair and Upgrades As part of the Parking Management Plan, additional downtown parking was created by creating a new "Southside Lot" in an unimproved area south of the Post Office, and by obtaining a lease with Verizon creating the new "Montebello Lot" east of the Post Office.

Los Gatos High School Community Pool used Redevelopment Agency funds to contribute to the construction of a new pool at the high school, which will also be available for community use.

Downtown Streetscape project completed the installation of sidewalks, planters, lighting and irrigation on North Santa Cruz Ave. between Main St. and Highway 9 during the second half of 2003. This project has since been on hold until 2005 to allow time for Downtown Merchants to bring back their customer base. The Parking Lot Repairs project included structural repairs to underground lot #4 and minor upgrades to lots 1,2,3 and 6 to bring them to ADA compliance.

FY 2003/04 Accomplishments in Ongoing Projects

In addition to Following are highlights of FY 2003/04 accomplishments in ongoing projects:

Retaining Wall Repair and Replacement project repaired the retaining wall on Jackson Ave. and Reservoir Rd. This project continues to fund the repair and/or replacement of retaining walls that have become structurally deficient.

Curb, Gutter and Sidewalk Repair and Replacement included installation of sidewalks near streets receiving pavement improvements, as well as crosswalk improvements, including ADA ramp installation, at heavily traveled crosswalks.

Traffic Calming Projects completed during FY 2003-04 include Ferris Avenue, Johnson Avenue and Chirco Areas. Each area had various traffic calming devices installed, tested and approved by Council.

New Projects FY 2004/05

In addition to the street resurfacing program and completed projects that have already been discussed, a few new projects included in the CIP merit some additional introduction:

Oak Meadow Park Trellis Construction - This project will build a trellis at the old bandstand location in Oak Meadow Park to increase the amount of picnic areas in the park. Picnic areas are very popular and in high demand. The project also includes installing park benches, picnic tables, and ADA ramps and sidewalks to access the area. The Town is pursuing additional private funding and other contributions for this project. A portion of the Per Capita Grant funding is being recommended for the Oak Meadow Park Trellis Construction.

West Valley Cities Dog Park – Town Allocation - This project funds the construction of a dog park on Campbell Ave. close to the border of Los Gatos and Campbell. The project is a joint effort between the Town of Los Gatos and the City of Campbell, with the City of Campbell serving as the lead agency for the project. The City of Saratoga may also participate. Staff is recommending application for grant funding for the Dog Park construction in Campbell.

La Rinconada Trail Reconstruction - This project will reconstruct a portion of the trail and the slopes along the creek that was washed away by heavy rains of last winter. This trail and the surrounding slopes which support the trail have been partially washed away by floods. It is in very unstable condition, and another rainy season could erode the remaining sections of the trail and slopes. If remedial actions are not taken, the repairs will cost substantially more in the future as more areas will be eroded. TDA Article 3 funds have been applied for FY 2004/05. If funds are awarded, construction is to take place during the summer of 2004.

Shannon Rd. Trail Construction — This project will construct a trail on a property along Shannon Rd. This trail is a part of an overall trail system which will connect the new trails built by the Greenbriar development on Hicks Rd. to the trails on Santa Rosa Dr. Private contributions fund this project.

Neighborhood Center Fresh Air Exchange - This project is necessary because currently there is no fresh air exchange serving the second floor of the Neighborhood Center. Full and complete fresh air is necessary to eliminate current issues with odor and potential health problems. This project addresses the health and safety issues of air flow in the Neighborhood Center.

ADA Improvements to Crosswalks (CDBG) - This project will use CDBG funding to construct ADA improvements in various crosswalks on Los Gatos Blvd. and Main St. This includes modifying existing medians that inhibit safe handicap crossing. This project will also install ADA ramps in existing crosswalk areas that do not currently have them.

Blossom Hill Park Bathroom Roof Replacement - This project will replace an existing old and leaky roof at the bathroom in Blossom Hill Park. As part of the ADA Upgrade Project, the Blossom Hill Park bathroom was upgraded to meet ADA standards. The new roof is also needed to provide the investment in the facility and the newly installed fixtures.

Mariposa/Santa Cruz Ave. Storm Drain Improvements - This project will replace existing deficient storm drain inlets and pipes at the intersection of Santa Cruz Ave. and Mariposa St. This area is flooded regularly due to the lack of capacity of the existing storm drain system.

Wedgewood Street/Storm Drain Improvements - This project will install a functional storm drain system on Wedgewood Ave. from Wimbledon Ave. to Granada Way. The project also includes the construction of curb, gutter, and sidewalks on the south side of Wedgewood Ave. to accommodate the need for a safe pedestrian access to the area. The Town is working with the Santa Clara Valley Water District, La Rinconada Golf Club, and the VTA on funding this project. La Rinconada Golf Club will fund the cost of the curb, gutter, and sidewalk on Wedgewood Ave. from Wimbledon Ave. to Mulberry as a condition of their country club expansion. The Town will fund the cost of the storm drain pipe from the Storm Basin fund. The Town has also applied to VTA for \$400,000 in grants toward further improvements on Wedgewood from Mulberry to Granada Way. It is expected that this project will progress over the next few fiscal years.

Safe Routes to Schools (SR2S) – School Sidewalk Construction - This project will install portions of missing sidewalks linking pedestrian routes to schools along Winchester Boulevard, Los Gatos Boulevard and Roberts Road. This project will fill in gaps in the sidewalks on the pedestrian route to various schools in Town. This project is mostly funded through the Safe Routes To School grant with a local match. Currently, school children and other pedestrians are forced to walk on the side of streets where these gaps exist. Construction is planned for the summer of 2004.

Safe Routes to Schools (SR2S) – Radar Speed Display Boards for Schools - This project will install radar speed display boards in the vicinity of various schools in Los Gatos. This project will install eight (8) radar speed display boards in the vicinity of schools, and two (2) mobile speed radar boards for placement on a rotating basis throughout neighborhoods near schools. This radar boards will inform oncoming traffic of their speed as well as post the speed limit. These visual aids have proved effective in slowing traffic down and creating a safer environment for schoolchildren. The permanent boards will be operational only during the morning and afternoon when schoolchildren are heading to and away from school. Safe Routes to School grant notification is anticipated in October 2004. If awarded, the radar boards will be installed by the spring of 2005.

Roberts Rd. Bridge Improvements - This project will replace a functionally obsolete and structurally unsound bridge at Roberts Rd. Due to the narrowness of the bridge, the bridge has only one lane of traffic. Caltrans, as a part of their bridge report, has listed this bridge as structurally deficient, including the foundation. The age of the bridge prohibits a retrofit to occur. If the bridge is not upgraded, it will have to be closed to vehicle traffic and be used for pedestrian and bicycle use only. Design will begin in FY 2004/05

Santa Cruz Ave./Wood Rd. Gateway Design - This project funds the design of the Gateway at the intersection of Santa Cruz Ave. and Wood Rd. It is anticipated that during FY 2004/05, the design can be completed and processed through Caltrans encroachment permit. There is no construction funding estimated at \$600,000 budgeted currently in the 5-Year CIP. At the April 5, 2004 Council meeting, a presentation was made about the progress of work completed by the Gateway Committee and Design team on the two Gateways located on Santa Cruz Ave. at Highway 9 and at Wood Rd. Council gave direction that the Wood Rd. Gateway be designed and constructed ahead of the Gateway at Highway 9.

Community Requests

Theater Improvement Project - In October, 2003, the Town received a request for funding for the Theater Improvement Project from the Los Gatos High School Millennium Foundation. The request was for \$85,000 per year over a five-year period, for a total of \$425,000. In December, 2003, the Town Council held a study session on the CIP, which included a discussion on this unfunded CIP request. At the Study Session, Council indicated that more details were needed on the community use of the Theater before this request would be considered for funding. Funding for this project is not currently included in the FY 2004 – 2009 CIP.

CONCLUSION

Despite the challenges presented by the economic downturn and limited new funding opportunities, the Town's Proposed 2004 - 2009 CIP continues a strategy of funding the Town's most urgent capital needs. Significant emphasis will be placed on completing the carryover projects, many of which are multi-year or recurring projects, in a timely manner.

Identifying a reliable, ongoing source of funds for capital improvements should remain a priority for the Town. The Infrastructure Needs Assessment project approved in FY 2003/04 will help to frame the scope of capital improvement needs, establish priorities and identify financing alternatives.

I would like to thank John Curtis, Parks and Public Works Director, Kevin Rohani, Town Engineer, Melissa Huang, Assistant Civil Engineer, Mary Gillespie-Greenberg, PPW-Analyst, Stephen Conway, Finance and Administrative Services Director, Bud Lortz, Community Development Director, Pamela Jacobs, Assistant Town Manager, Mary Furey, Accounting Manager, Stephanie Gutowski, Finance Project Coordinator, and Glenda Cracknell, Senior Accounting Technician for their countless hours of work and tireless efforts to present this Capital Improvement Program to the Town Council.

Respectfully submitted,



Debra J. Figone
Town Manager